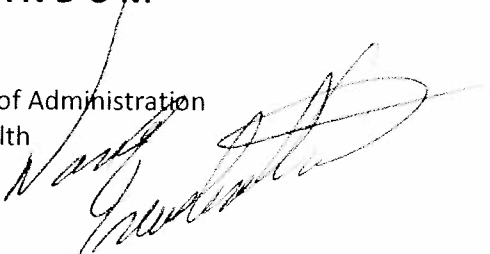


Office of the Governor

MEMORANDUM

To: Brent Sherard, MD, Director
Lee Clabots, Deputy Director of Administration
Wyoming Department of Health

From: Dave Freudenthal, Governor 

Re: Options under federal health reform provisions

Date: March 23, 2010

When Medicaid was established by Title XIX of the Social Security Act of 1965, it was designed as a partnership between states and the federal government, with each participating in providing health care for low-income persons. States who decided to participate in the partnership did so voluntarily and were then allowed some measure of discretion in the structure of their individual programs.

If one partner in this arrangement, in this case the State of Wyoming, determines that it is no longer in the state's best interest to continue the partnership under what some may consider onerous restrictions and requirements, what are the ramifications of that decision to voluntarily end the partnership?

The proposed legislation mentions the option of the federal government assuming responsibility for implementing and maintaining insurance exchanges if states choose not to do so. Does this provision also apply to the Medicaid program; that is, would the federal government assume responsibility for Medicaid if the state determines it will no longer be a partner?

More specifically, are there any significant penalties to programs other than Medicaid in both the Department of Health and other state agencies? What might be expected in terms of impacts to current programs and in what manner would those programs be affected? Please provide dollar amounts, if possible.

In evaluating the provisions of the health reform legislation recently signed by President Obama, I am interested in exploring what sanctions or penalties the State of Wyoming would face if we considered a fully federally funded and federally operated program within the state, rather than participating in the requirements for expanded Medicaid coverage.

While I appreciate there are a number of unanswered questions and yet-to-be-determined regulations, I would like to have a preliminary response by March 30, 2010 outlining options for ending our partnership from the Medicaid program, the penalties or sanctions against the state for doing so, and any other information necessary to determine the right course of action for the state.

Thank you, and I look forward to your prompt response.